United Nations A/C.5/55/SR.63

General Assembly
Fifty-fifth session

Official Records

Distr.: General
4 June 2001

Original: English

Fifth Committee

Summary record of the 63rd meeting
Held at Headquarters, New York, on Tuesday, 15 May 2001, at 10 a.m.

Chairman: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-37353 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 153: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

(a) Financing of the United Nations peacekeeping operations (*continued*)

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment (*continued*) (A/55/815, A/55/887 and A/C.5/55/39)

1. **Mr. Abraszewski** (Poland) said that Poland was strongly committed to the strengthening of the Organization's peacekeeping capacity. For more than a quarter of a century thousands of Polish soldiers, specialists and support staff had served with pride and dedication in numerous United Nations peacekeeping operations. His delegation was therefore pleased that the post-Phase V Working Group on reformed procedures for determining reimbursement of contingent-owned equipment had validated the methodology and agreed on revised reimbursement rates for major equipment, self-sustainment rates for some special cases, new categories of major equipment, generic reimbursement for painting jobs of major equipment and new rates for medical services. It also noted with satisfaction that the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions had recommended approval of the recommendations without reservations.

2. His delegation noted with concern, however, that the Working Group had failed to achieve consensus on the methodology underlying the calculations of standard rates of reimbursement to troop-contributing States and had submitted some options for consideration by the General Assembly. It welcomed the Advisory Committee's recommendation that, pending a comprehensive review of the methodology of reimbursement for troop costs, the General Assembly might wish to consider, as an ad hoc arrangement, increasing the standard monthly rates of reimbursement by 4 to 6 per cent and having recourse to a group of qualified individuals who would study and make proposals on the methodology and the elements on which it was based. Poland was willing to provide an expert to serve on such a working group.

3. The elaboration of an agreed methodology for the calculation of troop costs based on timely, comprehensive and transparent data was essential for a lasting solution to the problem. Prices had increased considerably over the previous 10 years and the proposed increase in the rates of reimbursement, although fully warranted, was rather symbolic since it would compensate for only a fraction of the actual increase in costs.

4. **Mr. Fox** (Australia), speaking also on behalf of New Zealand and Canada, said that Australia contributed troops, police, civilian personnel and other assistance to United Nations peacekeeping operations because of the high value it placed on the Organization's role in maintaining international peace and security. At the same time, however, such operations must be conducted efficiently and effectively and systems of reimbursement for both troop and equipment costs must be simple, transparent and equitable. The States on whose behalf he spoke therefore welcomed the proposed measures for pre- and post-deployment inspection as a step towards the development of common standards for service delivery. They also agreed with the Advisory Committee on the need for effective procedures to ascertain the capacity of troop contributors to meet the requirements for wet lease and self-sustainment provisions of contingent-owned equipment arrangements.

5. In relation to troop costs, the delegations on whose behalf he spoke noted the Advisory Committee's recommendation that the General Assembly might wish to consider, as an ad hoc arrangement, increasing the standard monthly rates of reimbursement by 4 to 6 per cent. That proposal had not been costed, however, and it would be useful to have further information about the basis for the figures suggested. In the absence of an objective, empirical basis, it would be difficult for their delegations to agree to an increase. They were prepared, however, to consider the merits of a one-off increase of a size to be determined which would apply until a new methodology was put in place. That figure should be reviewed when agreement was reached on the methodology.

6. Before agreeing on a particular figure, the Committee should first address the more fundamental issue of the methodology. It was a matter of concern that the General Assembly had failed to provide the necessary guidance to the Secretariat on the principles that should inform a comprehensive review of the

methodology of reimbursement for troop costs. The Assembly should provide such guidance after which the review should be undertaken by a panel of experts.

7. Neither the report of the Secretary-General nor that of the Advisory Committee addressed the issue of the overall impact on the peacekeeping budget of proposals concerning contingent-owned equipment or troop contributions. Their delegations had reservations about the wisdom of agreeing to proposals without knowing their financial implications. The Secretariat should therefore provide that information to the Committee so that it could take decisions on an informed basis.

8. **Mr. Yamanaka** (Japan) said that the methodology for calculating standard rates of reimbursement to troop-contributing States was a critical issue that had an important bearing on the decision of Member States whether or not to commit troops to future peacekeeping operations. The standard rates of reimbursement to troop-contributing States had remained unchanged for many years, while the average absorption factor was now much higher. Given those factors, his Government was ready to accept a reasonable increase in standard rates based on a reasonable methodology. It therefore regretted the Working Group's failure to reach a consensus on the methodology. The Committee should continue efforts to establish by consensus a clear and transparent methodology that placed emphasis on accountability. In that connection, the recommendation contained in paragraph 13 of the Advisory Committee's report was a good basis for further discussion of the issue. Further clarification was needed, however, before the Committee could go along with the ad hoc arrangement recommended by the Advisory Committee.

9. **Mr. Wittmann** (United States of America) said that the Organization's capacity to achieve one of its fundamental goals, namely, the maintenance of international peace and security, was enhanced by the contributions of Member States to United Nations peacekeeping operations. The United States, which over the years had supported that goal by contributing military observers and troops, understood the considerations which a Member State contemplated before offering and then committing troops to a peacekeeping operation. There were costs involved in even the smallest deployment and Member States could not be expected to contribute troops solely on the basis of goodwill. Many Member States, however, including the United States, realized that not all of the extra costs associated with service in a United Nations peacekeeping operation would be reimbursed. At the same time, it was unfair to other Member States not to provide fair and equitable reimbursement for their contributions to that fundamental responsibility of the Organization.

10. Rates of reimbursement must be fair and equitable to troop-contributing countries and to the Members of the Organization as a whole. The process used to determine such a rate must be transparent and based on clear, empirical data, since any ad hoc figure that was calculated in an irrational or obscure manner and not grounded in solid, empirical data might result in inconsistent results. One State might benefit while another was left behind. Confusion might also arise over what costs were unique to one reimbursement mechanism and what costs might be covered under another.

11. Reimbursement represented one side of an agreement. By accepting troop contributions from a Member State and allocating funds, the Organization was entering into an agreement with the contributing State, namely, to reimburse the costs of troops that were adequately trained and equipped to do the job they were offering to do.

12. He shared the concern of other delegations that the General Assembly had yet to give clear guidance to the Secretariat on the matter. His delegation appreciated the efforts of the post-Phase V Working Group and endorsed many of the conclusions contained in the Advisory Committee's report. What was before the Committee, however, was still inadequate. The method used to collect data, the questionnaires and the processing of the data were not answering the needs of the Organization. The Committee should not repeat prior errors and rush to a conclusion that could not be explained and justified on a rational and common sense basis. Moreover, it was both inappropriate and unreasonable for the Committee, which was not composed of experts in the field, to dictate the methodology. The Committee should therefore request the Secretary-General to empanel a group of experts to settle the matter once and for all. Until a more complete picture emerged of how the issue would be resolved, his delegation was not comfortable with the Advisory Committee's recommendation for the establishment of a new rate.

13. **Mr. Bebars** (Egypt) said that the reform of the Organization's administration in the peacekeeping area must be undertaken in a way that was integrated and balanced and that addressed all those aspects currently seen as deficient, namely the manner in which the Secretariat prepared and presented its recommendations to the Security Council, the manner in which the Council formulated mandates and brought the troop-contributing countries into their formulation, modification and revision, and the role of the Secretariat in the selection of troop-contributing countries. Reform also required an end to the chronic financial deficit of the United Nations, and it was important for all Member States to pay their assessed contributions in full, on time and without conditions so that the Organization could reimburse Member States for their participation in United Nations operations. The situation where the troop-contributing countries, most of which were developing countries, were effectively subsidizing Member States that did not meet their obligations under the Charter could not be allowed to continue. There was also a pressing need to reform the internal administrative procedures of the Secretariat, especially those for the drafting of memoranda of understanding and the reimbursement of States at an early stage in their participation in an operation.

14. Egypt supported the recommendation of the post-Phase V Working Group on revised reimbursement rates for major equipment and self-sustainment with the application of a standard deviation of 25 per cent to the index data submitted by Member States. It nevertheless found it difficult to agree that such a methodology should be generalized for the periodic review of such rates, taking account of the remark of the Under-Secretary-General that the standard deviation calculations used were extremely complex and had not been annexed to the report of the Working Group. The use of such methods also implied that the data submitted by Member States were suspect, and that was unacceptable. It would be best to leave a decision on the method of calculation to be used to determine future rates to the group of experts that would be convened for that purpose.

15. In connection with the Working Group's recommendations on liability for damage to major equipment used by one country and owned by another, more information was required concerning the definitions of "wilful misconduct" and "gross negligence" and on the procedures currently in use. Egypt welcomed the Working Group's recommendations on special cases and new categories of major equipment, on generic reimbursement for painting and repainting of major equipment, on the review of self-sustainment categories and standards, and on the review of the medical aspects of the Contingent-Owned Equipment Manual. Since the Working Group had failed to reach consensus on new rates in its review of policy on vaccination costs and pre- and post-deployment examinations, it should be determined whether such examinations and immunizations were United Nations requirements. If they were, then they should either be abolished or the United Nations should meet the costs incurred, particularly since they were additional costs for troop-contributing countries.

16. Egypt agreed with the recommendation of the Advisory Committee that, as an ad hoc arrangement, the standard rates of reimbursement should be increased pending a comprehensive review of the methodology of reimbursement for troop costs. His delegation rejected the proposal made by some delegations that troop costs should be linked to performance and questioned its motivation. The evaluation of performance would open the door to a kind of discrimination and selectivity with respect to participation in peacekeeping operations that had previously been unknown to the United Nations. Some had insisted on addressing the question of linking troop costs to the composition of the force. That matter should first be studied by the Special Committee on Peacekeeping Operations, and only if it agreed that differences in the composition of forces provided a rationale for differences in troop costs would Egypt be prepared to discuss the matter in the Fifth Committee.

17. The major Western countries must review the position they had taken of refraining from participation in certain peacekeeping operations, especially in Africa, and of only contributing equipment on the grounds that in their view such operations involved an unacceptable level of risk.

18. **Mr. Iqbal** (Pakistan) said that the meeting of the post-Phase V Working Group had been a meeting of experts on the subject. Under one of the components of its mandate, the Group had reached consensus on a methodology whereby reimbursement rates and procedures could be agreed upon for major equipment. The Group had respectfully considered the data

submitted by Member States, devised a method to deal with any shortcomings and agreed on a reasonable rate that was fair to all troop contributors. Its recommendation, moreover, had been supported by the Advisory Committee.

19. On the subject of troop costs, while consensus had not been reached, the Working Group had made certain recommendations for consideration by the General Assembly. A number of questions arose regarding the collection of data, such as how much expertise would be considered sufficient, what kind of data would be considered acceptable and whether all Member States would be satisfied with the data. If that debate dragged on, troop-contributing States would continue to suffer and the Organization would lose out in the end. Serious consideration should therefore be given to the issue and relief provided to troop contributors.

20. On the issue of delays in the signing of memoranda of understanding, experience had shown that those delays were sometimes due to the lengthy procedures employed by the Secretariat, which should be streamlined.

21. As for the late reimbursement of troop contributors, the demand that troops should be well trained and well equipped was a fair one. In return, however, reimbursement of troop costs must be made on a timely basis. For ongoing missions, troop contributors faced uncertainties with regard to reimbursement for troops and equipment. While Pakistan wanted to be fair, it would also be fair to demand that a penalty be paid when reimbursement was delayed beyond a reasonable time so that the troop-contributing State did not lose on what it had spent on its troops. Member States should review the totality of issues involved and come up with solutions that were fair to all the parties concerned and which would not imperil the future of United Nations peacekeeping operations.

22. **Mr. Lollesgaard** (Denmark) recalled the representative of India's reference at the Committee's previous meeting to the "Danish model" for reimbursement of troop costs. By way of background, it had become clear by the end of the Working Group's session that a consensus would not be reached on a methodology for the reimbursement of troop costs. Instead, the Group had agreed to present different models, including the "Danish model", for the Committee's consideration. He wished to make it clear that, while a number of States considered that the model could serve as an interim solution, it had not been Denmark's original idea. Denmark aligned itself with the statement on the subject made by the representative of Sweden on behalf of the European Union and fully supported the idea that a comprehensive review should be carried out.

23. **Mr. Chandra** (India) thanked the representative of Denmark for his clarification. There had clearly been a misunderstanding, since the thrust of his argument had been made in the context of paragraph 93 of the Working Group's report, in which the Group recommended that the General Assembly might wish to note that a vast majority of troop-contributing countries in the Working Group supported the adoption of proposal 2 as an interim measure. He noted further that the Advisory Committee's recommendation was not very different.

24. **Mr. Yeo** (Director of the Peacekeeping Financing Division, Office of Programme Planning, Budget and Accounts), replying to questions raised on how the Secretariat dealt with old debts that had yet to be paid, said that old liabilities remained on the books and were never written off by the General Assembly for a variety of reasons. The Secretariat recognized that States handled their internal bookkeeping in different ways, but that did not affect the Organization's own accounting standards.

25. With regard to the reimbursement of contingent-owned equipment, a number of delegations had indicated that information was needed on additional costs before some recommendations could be considered. He would make available to members in the informal consultations the same information that had been given to the Advisory Committee.

The meeting rose at 11 a.m.